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DEPARTMENT FOR AF/SPG, AND EB/IFD/OMA
PASS TO AID/W FOR AF

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SUBJECT: NEW CURRENCY FOR SUDAN IN DECEMBER

¶1. In an August 8 meeting, the Deputy Governor of the Bank of Sudan said that new currency will be introduced in December. Since donors have not come up with the contributions to pay the cost of the conversion to the new currency, money from the Oil Revenue Stabilization Account is being used to cover the costs. The Deputy Governor asked for training in conventional banking for central bank staff in the south. End Summary.

¶2. Pol/Econ Officer met with the Deputy Governor of the Central Bank, Elija Maluk, on August 8. Maluk, who is concurrently head of the Bank of Southern Sudan (BOSS), confirmed that the bank is moving ahead with plans to introduce the new Sudanese Pound to replace the Dinar. The conversion will probably be at the rate of ten Dinar to the Pound. The introduction of the new currency is one of the provisions of the Comprehensive Peace Agreement (CPA). The Sudanese expected that international donors would help with the cost of switching to the new currency, estimated at roughly \$154 million dollars. As donors showed little interest in funding costs, the government decided to draw from the Oil Revenue Stabilization Account (ORSA) to pay for the initial costs. Maluk said that if donors later came forward with money, the ORSA would be replenished.

¶3. Maluk turned to the problem of setting up a conventional banking system in the South. A key problem is lack of trained or experienced personnel. He said that the BOSS has 80 to 90 staff members who need training in conventional banking. Many of the staff members have been working in Sudan's Islamic banking system, but will need to learn conventional banking. Plans are being made to send BOSS staff to the central banks in Uganda, Kenya, and Ethiopia for training. Maluk asked if the USG could help to pay for this training; Pol/Econ Officer replied that because of economic sanctions, it would be very difficult for it to provide training to Sudanese government employees.

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